

Message Text

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64
ACTION AF-18

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TO SECSTATE WASHDC 4951

CONFIDENTIAL GABORONE 1806

E.O. 11652: GDS
TAGS: PFOR ENGR EAID BC
SUBJ: BOTSWANA ENERGY CRISIS

REF: GABORONE 1724; 1755

1. SUMMARY: CALLED ON PRESIDENT KHAMA DECEMBER AT HIS REQUEST TO DISCUSS OIL EMBARGO SITUATION AND IT SPORTENT FOR BOTSWANA. PRESIDENT REQUESTED ADDITIONAL U.S. ECONOMIC ASSISTANCE TO HELP BOTSWANA ESTABLISH ALTERNATIVE TRANSPORTATION LINKAGE TO THE NORTH.

2. PRESIDENT GAVE GENERAL RUNDOWN OF ACTION TAKEN BY GOVERNMENT TO DATE, REPORTED GABORONE 1755, AND DECISIONS TAKEN IN CABINET DECEMBER 12 AND 13. SITUATION FOR BOTSWANA IS CRITICAL, BOTH IN TERMS IMPORTATION OF ESSENTIAL SUPPLIES AS WELL AS EXPORT OF BULK COMMODITIES SUCH AS MEAT AND COPPER-MICKEL MATTE. SOUTH AFRICAN AUTHORITIES HAVE PLAINLY SAID TO BOTSWANA OFFICIALS THAT THEY FORESEE TIME IN NEAR TERM WHEN THEY WILL BE FORCED TO CONCENTRATE ON THEIR OWN NEEDS AND FORGO NEEDS OF OTHERS. FURTHER THAT BUNKER FUEL COMING INTO SHORT SUPPLY AND FUELING OF SHIPS WILL NOT ONLY BE LIMITED

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BUT FIRST CONSIDERATION MUST BE GIVEN TO SOUTH AFRICAN REQUIREMENTS. SOUTH AFRICANS THEREFORE HAD ENCOURAGED BOTSWANA TO TURN ELSEWHERE TO ESTABLISH ALTERNATIVE SOURCE FOR ESSENTIAL OIL SUPPLIES. THEY ALSO INDICATED THAT SINCE OIL

EMBARGO HAD BEEN OAU INITIATIVE BOTSWANA HAD IN A SENSE BROUGHT SITUATION ON ITSELF. THIS OF COURSE NOT ACCURATE SINCE BOTSWANA OFFICIALS HAD RESERVED POSITION AT OAU MINISTERIAL MEETING STRONGLY INDICATING VULNERABILITY AND INHERENT DAMAGE EMBARGO COULD DO TO BLS STATES.

3. GIVEN THIS SITUATION AND IT'S OWN AS WELL AS SOUTH AFRICAN ESTIMATE OF THE RESULTS OF AN EMBARGO, GOVERNMENT HAS BEEN WEIGHING VARIOUS ALTERNATIVES. ON THE RESOURCE SIDE WITH DECREASED IMPORTATIONS FROM REPUBLIC THERE WILL BE A DRASIC FALL-OFF IN CUSTOMS REVENUES. WITH SHIPPING RESTRICTED SUBSTITUTE MARKETS FOR MEAT, HOPEFULLY WITHIN AFRICA, NEED TO BE FOUND AS WELL AS ALTERNATIVE ROUTES FOR MOVING EXPORTS AND IMPORTS. DESPITE ANTICIPATED DECLINE IN REVENUES, GOVERNMENT HAS DECIDED IT MUST PRESS FORWARD WITH PLANNED RURAL DEVELOPMENT PROGRAM, THEREBY CURTAILING OR ELIMINATING OTHER VITAL BUT LOWER PRIORITY DEVELOPMENT ACTIVITIES IF NECESSARY.

4. IN LOOKING AT ITS ALTERNATIVES GOVERNMENT HAD WEIGHED THE POSSIBILITY OF ESTABLISHING AS QUICKLY AS POSSIBLE AN INTERNATIONAL AIRPORT NEAR GABORONE WHICH COULD TAKE LARGER FREIGHT PLANES TO MOVE MAJOR EXPORTS SUCH AS MEAT AND COOPER-NICKEL AND ESSENTIAL IMPORTS INCLUDING OIL. THIS HAD BEEN DISCARDED AS UNECONOMIC GIVEN THE BULKY NATURE OF THE COMMODITIES INVOLVED. IT DECIDED THE BEST AND MOST FEASIBLE PLAN IS TO MOVE NOW TO ACCELERATE AND BUILD TO A HIGHER STANDARD THE ROAD LINK WITH THE NORTH.

5. THE PRESIDENT THEREFORE ASKED THAT THE U.S. GIVE URGENT AND HOPEFULLY FAVORABLE CONSIDERATION TO:

A) RAISING THE STANDARD OF THE BOTZAM PROJECT TO HARD SURFACE ROAD NOW RATHER THAN IN THE FUTURE; AND
B) EXTENDING THE PROJECT SOUTHWARD FROM NATA TO FRANCIS-TOWN.

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BY DOING THE LATTER A TIE-IN WITH THE NORTH-SOUTH ROAD (LOBATSE-FRANCISTOWN), WHICH IS BEING IMPROVED WITH A BITUMINOUS SURFACE, WOULD BE ESTABLISHED. THE PRESIDENT HAS NO REASONABLY FIRM COST ESTIMATE FOR A AND B. PRELIMINARILY THE BALL PARK COST APPROXIMATION AT THE LOWER END OF THE SCALE IS RAND 10-12 MILLION, OR APPROXIMATELY DOLLARS 15-18 MILLION. SINCE BOTSWANA DOES NOT HAVE FUNDS TO UNDER-TAKE THIS TASK, PRESIDENT THEREFORE MADE VERBAL REQUEST FOR U.S. ECONOMIC ASSISTANCE. GOVERNMENT IS NOW WORKING TO REFINE ITS ESTIMATES OF CONTRIBUTION COST AS WELL AS ATTEMPTING TO ESTABLISH COST-BENEFIT DATA.

6. IN THE MEANTIME GOVERNMENT OFFICIALS ARE HAVING CONTINUED

CONTACTS WITH OTHER GOVERNMENTS. THE MINISTER OF STATE HAS JUST COMPLETED A VISIT TO ZAMBIA AND HAS BEEN ASSURED OF FULLEST COOPERATION IN TERMS OF THE UTILIZATION OF REFINING FACILITIES TO MEET BOTSWANA'S NEEDS. HE GOES NEXT TO TANZANIA WHICH HAS ALREADY BY CABLE AFFIRMED THAT ITS FACILITIES INCLUDING THE PIPELINE WILL BE AT BOTSWANA DISPOSAL. AFTER TANZANIA THE MINISTER WILL MAKE THE FIRST IN WHAT MIGHT BE A SERIES OF VISITS TO CERTAIN ARAB COUNTRIES. IN THIS CONNECTION THE PRESIDENT MENTIONED A RELATIVELY LOW LEVEL DELEGATION FROM LIBYA, SUDAN AND POSSIBLY ONE OTHER COUNTRY WOULD BE VISITING BOTSWANA NEXT WEEK.

7. BOTSWANA IS SERIOUSLY CONCERNED ABOUT THE OIL SITUATION. THE DAMAGE AN EMBARGO CAN INFILCT ON BOTSWANA JUST AT THE TIME WHEN REAL ECONOMIC PROGRESS APPEARED TO BE IN SIGHT IS INDEED SEVERE. GOVERNMENT HAS LOOKED CAREFULLY AT ITS SITUATION AND CONSULTED WITH ITS NEIGHBORS. IT HAS DECIDED THAT IT CANNOT DEPEND ON RHODESIA RAILWAYS OR THE RHODESIAN GOVERNMENT WITH ANY CONFIDENCE, AND SOUTH AFRICA HAS SAID THAT IN EFFECT IT MUST RELY ON OWN DEVICES. BOTSWANA'S AFRICAN NEIGHBORS DESIRE TO BE HELPFUL, AND NIGERIA HAS COME FORWARD WITH AN OFFER TO SUPPLY CRUDE OIL TO BOTSWANA. (BOTSWANA HOWEVER DOES NOT HAVE A REFINERY NOR DOES IT PLAN TO ESTABLISH ONE). IN THE END BOTSWANA'S OBJECTIVE IS TO PRODUCE THE MEANS BY WHICH IT CAN TAKE ADVANTAGE OF THE ASSISTANCE BEING OFFERED. AND THIS MEANS AN EXTENSION OF THE BOTZAM ROAD PROJECT AND A HIGHER CONSTRUCTION STANDARD.

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8. DURING THE EIGHT YEARS SINCE INDEPENDENCE, BOTSWANA HAS TACKLED THE PROBLEM OF ECONOMIC AND SOCIAL DEVELOPMENT WITH SINGULAR PURPOSE, DEDICATION AND SKILL. DURING THE EARLY YEARS PRIORITY WAS GIVEN TO EXPLORATION OF MINERAL RESOURCES AND IMPROVED CATTLE PRODUCTION IN ORDER TO PROVIDE A SOLID BASE FOR SUSTAINED ECONOMIC GROWTH. BOTSWANA'S OVER-ALL DEVELOPMENT STRATEGY HAS BEEN GOVERNED BY TWO MAJOR OBJECTIVES: MINIMUM ECONOMIC SELF SUFFICIENCY AND RURAL DEVELOPMENT. THAT BOTSWANA'S GDP HAS DOUBLED IN THREE YEARS IS TESTIMONY TO THE SUCCESS OF "PHASE I" OF GOVERNMENT'S DEVELOPMENT POLICY. THE EMBARGO THEREFORE COMES AT A MOST INOPPORTUNE TIME: AT A MOMENT WHEN THE COPPER-NICKEL MINE IS READY TO COMMENCE PRODUCTION AND WHEN GOVERNMENT IS LAUNCHING IN EARNEST IS PROGRAM FOR RURAL DEVELOPMENT.

9. THE BOTSWANA-ZAMBIA ROAD WAS TO PLAY A KEY ROLE IN THE REALIZATION OF THE FIRST OBJECTIVE. NOW, AS A CONSEQUENCE OF THE RHODESIA/ZAMBIA BORDER CLOSURE AND THE OIL EMBARGO, THE ROAD HAS BECOME KEY NOT ONLY TO THE REALIZATION OF GREATER ECONOMIC INDEPENDANCE AND THE DIVERSIFICATION OF BOTSWANA'S EXTERNAL ECONOMIC AND COMMERCIAL RELATIONS BUT TO ITS OVER-ALL PROGRAM OF DEVELOPMENT AND GROWTH WHICH HAS HAD SUCH AN AUSPICIOUS BEGINNING. THE PRESIDENT HAS

AGAIN TURNED TO THE U.S. FOR HELP AT A CRITICAL TIME. THE
EMBASSY SUPPORTS BOTSWANA'S OBJECTIVE AND REQUESTS FULL
AND FAVORABLE CONSIDERATION OF ITS PETITION FOR ASSISTANCE.
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